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Attorneys for Michael Ferrara

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

IN THE MATTER OF:	)	CASE NO.	SEC-2013-88
	)		
	)	<b>CONSENT AGREEMENT AND FINAL</b>	
MICHAEL FERRARA,	)	<b>ORDER</b>	
	)		
	)		
Respondent.	)		
	)		

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101 et seq. (Act), and Michael Ferrara, Respondent.

**RECITALS**

WHEREAS, the CSI received multiple investor complaints concerning Highlander Holdings, LLC (Highlander), Stirling Reclamation, LLC (Stirling), and Morning Star Mining, LLC (Morning Star) (collectively, Companies);

WHEREAS, the CSI determined Respondent is not licensed to sell securities in, into, or from Montana;

WHEREAS, the Companies' units were not registered with the CSI or with the Securities and Exchange Commission (SEC), nor were they exempt from registration under Regulation D of the Securities Act of 1933;

WHEREAS, the CSI conducted an investigation of Respondent's actions in Montana;

WHEREAS, the CSI's investigation revealed that the Companies were part of an investment model based on the exploration of properties in Idaho containing legacy mining claims;

WHEREAS, Respondent and the Companies sought the advice of counsel to assist in developing a plan to acquire capital;

WHEREAS, Respondent sold units in Highlander and Morning Star to investors from several states, including Montana;

WHEREAS, investors were told their investment proceeds would directly benefit Highlander and Morning Star through loans made by Highlander president Robert McKay, and the investors, respectively, signed an agreement to that effect. The agreement also required investors to certify they were accredited investors within the definition of Reg. § 230.501 of Regulation D of the Securities Act of 1933;

WHEREAS, instead of the investors' money going directly to Highlander, it went to Highlander president Robert McKay, who then made loans from a portion of the investment proceeds to Highlander;

WHEREAS, Respondent was paid a salary from the funds invested;

WHEREAS, the CSI alleges that Respondent violated Mont. Code Ann. § 30-10-201(1) when he sold securities without being registered to do so;

WHEREAS, the CSI alleges that Respondent violated Mont. Code Ann. § 30-10-202 when he sold an unregistered security;

NOW, THEREFORE, in consideration of the following mutual undertakings, the CSI and Respondent enter into the following:

### **STIPULATIONS AND CONSENTS**

1. Without admitting or denying any of the CSI's allegations, Respondent stipulates and agrees to the following:
  - A. Respondent shall renounce any interest he has in any of the Companies, or in the Companies' successors, as of the time when the Final Order is executed. This will include, but is not limited to, the 8.3403 units he presently has with Highlander Holdings, LLC. This Agreement does not prevent Respondent from purchasing or securing an interest in any of the Companies, or the Companies' successors, after the date of the Final Order.
  - B. Upon signing this Agreement, Respondent unconditionally and without reservation relinquishes any control in any of the Companies, and extracts himself from the companies completely.
  - C. Within five days of the date of the Final Order, the Respondent shall transfer all geological data, or other intellectual property acquired as a result of his relationship with the Companies, that are either in his possession or accessible by the Respondent, to the Companies or its successors.

- D. For a period of at least 2 years from the date of the Final Order, Respondent agrees not to apply for licensure to offer or sell securities or to transact securities business to, within or from Montana. Respondent further agrees to never offer or sell a security pursuant to Regulation D of the Securities Act of 1933 in, into, or from Montana.
- E. Respondent agrees to comply with the terms and conditions of this Agreement, the Securities Act of Montana, and all other regulations of the state of Montana.
- F. Respondent acknowledges that he has read and understands each term of this Agreement and that he enters into this Agreement voluntarily and without reservation.
- G. Respondent specifically and affirmatively waives a contested case hearing and their right to appeal under the Montana Administrative Procedures Act, including Title 2, chapter 4, part 7, and elects to resolve this matter on the terms and conditions set forth therein.
- H. Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or not asserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.
- I. The CSI fully and forever releases and discharges Respondent from any and all actions, claims, causes of actions, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, or other legal action arising out of Recitals.



2. Each party to this Agreement stipulates and agrees as follows:
  - A. This Agreement resolves the alleged violations set forth in the Recitals and all other violations, whether alleged by the CSI or not, arising out of Respondent's involvement with the Companies and Cool Trader Pro prior to entry of the Final Order.
  - B. This Agreement is entered into without adjudication of any issue, law or fact. It is entered solely for the purpose of resolving the CSI's investigation and allegations, and is not intended to be used for any other purpose.
  - C. This Agreement constitutes the entire agreement between the parties and no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce Respondent to enter into this Agreement.
  - D. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective.
  - E. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) herein.
  - F. Upon the signing of the Final Order by the Commissioner or her representative, this Agreement and Final Order will be an order of the CSI. The CSI has jurisdiction over the enforcement of the Final Order, and failure to comply with it may constitute separate violations of the Act, as provided in


Mont. Code Ann. § 30-10-305, and may result in subsequent legal action by the CSI.

G. This Agreement shall be effective upon signing of the Final Order.

H. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.


DATED this 26<sup>th</sup> day of November, 2013

**OFFICE OF THE COMMISSIONER OF  
SECURITIES AND INSURANCE**

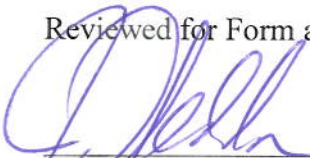
By:   
**JESSE LASLOVICH**  
**BRETT O'NEIL**  
Attorneys for the CSI

DATED this 21<sup>st</sup> day of November, 2013

**MICHAEL FERRARA**



Reviewed for Form and Content:

  
**J. DEVLAN GEDDES, Esq.**  
**Goetz, Baldwin, & Geddes, P.C.**  
Counsel for the Respondent

**FINAL ORDER**

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603 and §§ 30-10-101 et seq., and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of the Commissioner of Securities and Insurance, Montana State Auditor, and the Respondent, Devlan Geddes is adopted as set forth fully herein.

DATED this 26<sup>th</sup> day of November, 2013.

**MONICA J. LINDEEN**

Commissioner of Securities and Insurance  
Montana State Auditor

By: 

**LYNNE EGAN**

Deputy Securities Commissioner

cc. J. Devlan Geddes  
Jesse Laslovich